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SUBJECT: DPRK: RUSSIA/CHINA PRESSED ON DESIGNATIONS

REF: USUN 412

Classified By: Amb. Susan Rice for Reasons 1.4 (B), (D)

¶1. (C) SUMMARY: In separate phone calls on April 21, Amb. Rice told her Chinese and Russian counterparts that the United States expected the DPRK Sanctions Committee to approve a "serious, credible" package of new designations by the April 24 deadline requested by the Security Council. Russian Perm Rep Churkin suggested that the discussion was getting bogged down by technical details. Chinese Perm Rep Zhang acknowledged that China had made a political commitment to support designations and that "something" must happen by April 24, but emphasized the technical challenges of moving forward. At a U.S., Russian and Chinese experts meeting, the Chinese expert explained that Beijing can support updating the Missile Technology Control Regime (MTCR) Annex, but has still not provided instructions on the other goods or entities. In an April 22 phone call with Churkin, Rice emphasized the political commitment to adhere to the April 24 timeframe and listed the three high-value entities that must, at a minimum, be included in the final proposal. When she reiterated these points to Zhang on April 22, Zhang complained that it normally takes months to approve such designations, but vowed to forward her concerns to Beijing. END SUMMARY.

¶2. (C) In an April 21 phone call with Russian Perm Rep Churkin, Amb. Rice said that the DPRK Sanctions Committee needs to approve a "serious, credible" package of designations before the Security Council's requested deadline of April 24. She noted the intense high-level interest in Washington in the wake of the Security Council's April 13 Presidential Statement (PRST) directing the Committee to make such designations. She added that it was better to agree on a package in the Committee, rather than in the Council, as was envisioned in the PRST if the Committee is unable to act in the requested timeframe. Rice told Churkin that the United States feels we have been operating in good faith and that we should therefore avoid any kind of breach or breakdown in our cooperation. Churkin said he believed the discussion was "getting bogged down in the details," adding that the need to continue acting with a sense of political unity is more important than mere technical matters. He said that it has been difficult for his experts to review the U.S. proposal to the Committee and that this proposal needs to be simplified and that controversial things should be removed.

¶3. (C) In a separate call with Chinese Perm Rep Zhang, Rice repeated her points about the need for a credible package by April 24, adding that the Chinese representative to the DPRK Sanctions Committee has claimed not to have received instructions from Beijing. Zhang said it was "absolutely important" to achieve designations by April 24 and acknowledged that China had made a political commitment to this effect during the negotiations leading to the April 13 PRST. He questioned, however, whether it was technically feasible to move forward in this timeframe. Zhang anticipated receiving instructions from Beijing the following morning. He proposed that U.S. and China experts meet just before the next day's Sanctions Committee meeting to discuss options. Rice explained that the United States was flexible

on the shape of the final proposal, but that any serious, credible designation package would have to include a number of high-value entities, including KOMID, Tanchon Commercial Bank and the Korea Ryonbong General Corporation.

EXPERTS CONSIDER WAY FORWARD

14. (C) U.S., China and Russia experts met the next morning (April 22) in line with the Perm Reps' discussions. At that meeting, the Chinese expert said that Beijing was now prepared to support updating the MTCR Annex, but had still provided no instructions on the additional items or the entities. The Russian expert reiterated Moscow's support for updating the MTCR Annex and proposed that, as an interim measure, the Committee could issue a "call for vigilance" (as opposed to ban) on the seven U.S.-proposed technical items, while the Committee continued to deliberate whether to designate these items.

15. (C) USUN Sanctions Unit chief emphasized that the United States needed a "serious, credible" package of designations by April 24 and that such a package must include, at a minimum, the designation of the most high-value entities. He noted that in the U.S. briefing to the Committee on April 20, U.S. experts had identified KOMID, Tanchon Commercial Bank and Ryonbong General Corporation as being especially critical. On the items, USUN expressed a strong preference for moving forward in some way on the additional U.S.-proposed items, but noted that vigilance regimes had many downsides. The Russians and Chinese experts asked whether Washington would find acceptable a final package consisting of 1) updating the MTCR Annex, 2) an interim "vigilance" regime over the technical goods, and 3) the three high-priority designations. USUN pledged to share this with Washington; the Russian and Chinese experts vowed to do the same with their capitals.

SECOND ROUND WITH CHURKIN/ZHANG

16. (C) Rice pressed Russian Perm Rep Churkin on these points in a subsequent phone call on April 22, arguing that it was essential to have at least the three high-priority entities. She said the inclusion of these entities would constitute the absolute minimum necessary for the exercise to be credible. Rice reminded Churkin of the political commitment made to support designations by Friday April 24. Churkin reiterated the challenge of reviewing these proposals in such a short period of time, especially considering the number of different government agencies involved, but said he would convey this message. Rice noted that the Secretary may call FM Lavrov on this matter.

17. (C) In a separate April 22 phone call, Zhang told Rice that China's agreement to update the MTCR list was a "major concession" from the Chinese government and he believed it should be enough to satisfy the United States. Rice said it was not enough, noting that from the beginning of our discussions we had made clear that designating entities was an essential element of a credible response. Noting the intense Washington interest, Rice explained that a failure to designate entities by April 24 would be seen as contrary to the spirit of what had been agreed.

18. (C) Zhang pledged to forward her message to Beijing. He noted with concern the U.S. proposal to designate Tanchon Commercial Bank, observing that it was a bank and recalling the previous U.S.-China difficulties over DPRK assets in a bank in Macao. Zhang added that new designations normally take "about two months" in capitals and that the April 24 deadline was too short. Rice acknowledged the aggressive timeframe, but reminded Zhang that April 24 was the date the Council had agreed upon. Zhang expressed particular interest in Japan's designation proposal, which he said was based on poor and self-contradictory information. Rice replied that the Japanese also supported the U.S.-proposed eleven entities and that if we were able to designate a credible subset of

the U.S. proposal then the Japanese would likely be fine. Zhang added that it would be very difficult for China to support any action now on the seven additional technical items proposed by the United States. Saying he knew how important this issue is to the U.S.-China bilateral relationship, Zhang pledged to do everything in his power to prod Beijing.
Rice

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End Cable Text